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TAGS: [PREL](#) [PGOV](#) [CH](#)  
SUBJECT: (U) SIXTH SENIOR DIALOGUE THIRD SESSION:  
BILATERAL AND SECURITY ISSUES

Classified by EAP Assistant Secretary Christopher R. Hill.  
Reason: 1.4 (d)

11. (U) Participants:

U.S.  
The Deputy Secretary  
Ambassador Clark T. Randt  
A/S Christopher R. Hill, EAP  
Acting A/S Patricia A. McNerney, ISN  
David Gordon, Director of Policy Planning S/P  
John J. Norris, EAP DAS  
David Sindey, Deputy Assistant Secretary of Defense for  
East Asia  
Justin Higgins EAP/CM (Notetaker)  
Michael Yan (Interpreter)  
Grace Gao (Interpreter)

CHINA  
State Councilor Dai Bingguo  
Ambassador Zhou Wenzhong  
Qiu Yuanping, Vice Minister, Communist Party Central  
Committee Foreign Affairs Office  
Liu Jieyi, Assistant Foreign Minister  
Zheng Zeguang, Director-General, Ministry of Foreign  
Affairs Department of North American and Oceanian Affairs  
Ma Zhaoxu, Director-General, MFA Department of Policy  
Planning

Sun Weidong, Deputy Director-General, MFA Department of  
Asian Affairs  
Xie Feng, Chinese Embassy Deputy Chief of Mission  
Wang Lutong, Secretary to State Councilor Dai  
Cong Peiwu, Counselor, MFA Department of North American  
and Oceanian Affairs  
Hong Lei, Counselor, MFA Information Department  
Hou Yue, Counselor, MFA Protocol Department  
Sun Ning (Interpreter)  
Notetakers

12. (C) SUMMARY. Deputy Secretary Negroponte and State  
Councilor Dai Bingguo highlighted progress on bilateral  
security issues including nonproliferation cooperation and  
military ties, but also pressed each other to recognize  
their respective concerns in the evolving U.S.-China  
security relationship. Assistant Foreign Minister Liu  
Jieyi emphasized the importance China attaches to the  
United States' working directly with it or through  
multilateral institutions on nonproliferation, and  
vigorously protested unilateral sanctions of Chinese  
companies. Claiming recent moves by China to  
institutionalize greater military transparency, State  
Councilor Dai chided the U.S. military for its suspicious  
approach and exaggeration of Chinese capabilities and  
potential negative intentions. State Department and  
Department of Defense representatives cited progress on  
U.S.-China nonproliferation cooperation and military  
exchanges, but regretted China's suspension of military  
and nonproliferation dialogues in response to an announced  
U.S. weapons sale to Taiwan. END SUMMARY.

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BILATERAL AND SECURITY ISSUES

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13. (C) In the December 15, 2008 meeting, State Councilor Dai Bingguo led off by asking Assistant Foreign Minister Liu Jieyi to make remarks on behalf of the Chinese delegation. Liu emphasized China's opposition to proliferation, borne out in a host of domestic regulations. China takes a cooperative approach in combating the spread of weapons of mass destruction and has worked closely with the United States multilaterally on the Iranian and North Korean nuclear issues and bilaterally on strengthening export controls. He characterized the U.S.-China relationship as constructive and cooperative on nonproliferation. Liu did note that there were some "discordant notes," citing the U.S. policy of sanctioning Chinese companies for violations of U.S. domestic law. Liu added that the United States' sanctioning of three Chinese companies in the past year and 30 companies overall since 2001 was a "serious obstacle" to pursuing cooperation based on "mutual benefit" and hoped the United States would "set the right conditions" for further cooperation.

14. (C) In terms of military transparency, Liu said that it is more important to be transparent on intentions than on capabilities. He asserted that China is fully transparent, in keeping with its "Harmonious World" policy, its desire to resolve disputes peacefully, and its "defensive defense policy." Liu added that China maintains no troops abroad and opposes arms races. China's defense budget is fully transparent and China has released five white papers on its defense policy and three on nonproliferation (NOTE: According to the ISN Bureau, China has only released two nonproliferation white papers). Liu cited China's improvements in transparency, including its rejoining of the UN Register on Conventional Weapons and the creation of a Ministry of Defense spokesman position. Liu concluded by asserting that China would enhance its peace and security through transparency, but not concede its "rights" given the military disparity between China and the United States. Noting that absolute transparency is impossible, Liu said transparency must be pursued on a voluntary basis.

15. (C) Citing the Iranian and North Korean situations, State Councilor Dai asked how the P5 nuclear states could encourage non-nuclear states to give up their nuclear ambitions. He hoped that P5 countries could embrace China's "no first use/no threatening of non-nuclear states" policy. Dai believed that the United States has a better understanding of China's limited capabilities than other countries do and hailed the 1998 agreement that neither country would target the other with nuclear weapons. Criticizing the U.S. military as being too sensitive, Dai said that the Deputy Secretary understands China's intentions but that the military focuses on bad intentions, thereby creating mistrust. Dai concluded that the U.S. military should stop spending money on its own military expansion.

16. (C) Deputy Secretary Negroponte invited Acting Assistant Secretary for International Security and Nonproliferation Patricia McNerney to present the U.S. position on nonproliferation. AA/S McNerney cited "real growth and progress" in U.S.-China cooperation on non-proliferation, including China's trimming of conventional military sales to Iran and the ongoing Megaports Initiative. Regrettably, Chinese entities remain a significant source of dual-use materials that Iran puts to use in its nuclear and missile program. She urged China to be stricter in enforcing UN Security Council resolutions, including accepting back illicit cargos intercepted in third countries while en route to Iran. China's suspension of nonproliferation discussions this fall was particularly unfortunate given the progress that has been made as a result of frank official exchanges and the State Department's direct engagement with NORINCO on its internal compliance program and the de-listing of

China Great Wall Industries Corporation (CGWIC) from U.S. Treasury Department sanctions following a convincing presentation on March 20 from the President of CGWIC on the steps the company has taken to prevent proliferation. AA/S McNerney pressed China to rigorously enforce domestic nonproliferation laws, particularly on the vexing case of Dalian Sunny (aka LIMMT). She noted that Acting Under Secretary John Rood had raised this issue with the Chinese in June during the Security Dialogue and that the United States has mandatory sanctions that it would need to execute if the Chinese failed to take action. AA/S McNerney concluded by emphasizing U.S. concern over China's recently announced nuclear cooperation with Pakistan, stressing the critical importance of not undermining the Nuclear Suppliers Group by proceeding with he announced projects.

17. (C) Deputy Assistant Secretary of Defense David Sedney cited advances in U.S.-China military relations, including the establishment of the Defense Telephone Link this year, the commencement of a U.S.-China dialogue on nuclear strategy and policy, and continuation of numerous dialogues and exchanges. Secretary of Defense Gates supports these exchanges and the U.S. military is committed to a positive, constructive relationship. DASD Sedney noted that he is looking forward to his own discussions with Chinese military counterparts in Beijing later this week and the release later this year of China's next Defense White Paper. He stressed that transparency and reciprocity are the keys to mitigating areas where our interests do not coincide, such as U.S. naval activity within China's exclusive economic zone (EEZ). Acknowledging that there is no such thing as absolute transparency, DASD Sedney explained that "the bigger the country, the more valuable transparency is." When a country's military capabilities match its stated intentions, it is reassuring; when they do not, the imbalance creates doubt and uncertainty. DASD Sedney cited Secretary Gates' forthcoming article (a copy of which he passed to the Chinese) as showcasing the serious choices the U.S. military will have to make in order to protect the U.S. people and play a leading role in the world.

18. (C) Deputy Secretary Negroponte concluded the session by insisting that the United States and China not give up on our joint nonproliferation work, even though issues such as Iran and North Korea have proven difficult. Setbacks are accompanied by success, such as Libya and South Africa giving up their nuclear programs. A North Korean nuclear arsenal and Iran's acquisition of a nuclear weapons capability would "complicate and threaten" our mutual interests. Military transparency is supported by the talks that DASD Sedney will conduct in Beijing. State Councilor Dai intervened to warn DASD Sedney that the Chinese military will likely complain about the recent weapons sale to Taiwan, and that he should present "fresh thinking" since "restating the U.S. position will not be sufficient; the situation has changed."

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